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SUBJECT: IRAN'S CENTRAL GOVERNOR MAY LEAVE OVER OBJECTION TO
TRANSFERS OF GOVERNMENT FUNDS

CLASSIFIED BY: Jason L. Davis, Consul General, Dubai, UAE.
REASON: 1.4 (b), (d)

1. (S/NF) Summary: According to one source, the governor of the Central Bank of Iran (CBI) may be removed for questioning President Ahmadinejad's request to transfer Iranian government money into private accounts inside and out of the country. The source claims a personal friendship with the governor, but could be repeating similar allegations reported in the press. End summary.

Iran's Central Bank Governor on the Way Out?

2. (S/NF) Amir Tavakoli (please protect), a boardmember of Alborz Insurance, one of Iran's four state-owned insurance companies, recently told Conoff that CBI Governor, Ebrahim Sheibani, may soon be ousted from his position and replaced by First Vice President Parviz Davudi. Tavakoli -- in Dubai to pick up a US visitor's visa -- claimed that Sheibani, a neighbor, told him he may be fired because he recently questioned Ahmadinejad's request to transfer public funds to regime stalwarts' private accounts (presumably in a bid to protect those funds from economic sanctions that the Iranian government fears will be levied in case of no resolution to the nuclear issue). Sheibani reportedly told Ahmadinejad that he would not move the funds without direct approval from the supreme leader. When Sheibani went to Supreme Leader Khamenei with the request from Ahmadinejad, Khamenei allegedly stated that he knew nothing about the transfers and would not okay them. Tavakoli believes that the supreme leader was probably aware of the plan but wanted plausible deniability if the scheme ever became public.

3.(U) Recent Western and Iranian press reports claim that Sheibani has resigned. The Western press reports, citing an unidentified website "considered closed to the Islamic Revolutionary Guards Corps," claim that Sheibani is resigning as a result of a disagreement with Ahmadinejad over an order to withdraw money from public accounts overseas. The money, reportedly close to 30 billion euros, was to be transferred to the accounts of private individuals or "good, trusted Muslims." Sheibani also allegedly opposed a "compromise" proposal by Ahmadinejad to move the funds to banks in allied countries such as Syria, Venezuela or Cuba. In contrast, the Iranian press reports assert that Sheibani is resigning due to his opposition to a recent Majles bill that would reduce bank profit rates.

4.(S/NF) Tavakoli said, without specifying the source, that the government is transferring money from government accounts into different accounts all over the world, including in Canada, the

US, and various Asian countries. (Note: In a possible repeat of what could just be rumor, a separate Iranian businessman with unclear access, told Conoff on May 23 that the government is shifting a significant amount of its funds to accounts in Canada. End note.) Tavakoli further claimed that funds are also being hidden in "development projects" in Asia. Tavakoli, who used to work at both the Ministry of Economic Affairs and Finance and the Planning and Budget Office (PBO), recently asked his former colleagues at the ministry about this. They denied such allegations, telling him that they had received no budget requests from the government for development projects in Asia and had no plans to release any funds.

Comment

5.(S/NF) Although there is no confirmation yet that Sheibani is resigning or being forced out -- and if so, for what reason -- a change of CBI governor at this time of increasing economic pressure on Iran may have a strong impact on Iran's financial policy. Sheibani is considered a technocrat with strong professional and financial credentials. According to Iranian press reports, the Iranian president's nominee for CBI governor has to be accepted by the general assembly of the Central Bank and not necessarily the Majles. Additionally, academic background and professional capabilities have always been a priority in the selection of Iran's Central Bank governor. After taking office, Ahmadinejad reportedly tried to get in his own candidate as CBI governor but failed. He may again have difficulty pushing through anyone seen as unqualified for the job.

6.(S/NF) Tavakoli claims personal friendship with the CBI governor; if true, this lends credibility to his statements. However, current and former ConGenOffs have been surprised to receive from Tavakoli numerous unsolicited emails from Iran in

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which he openly expresses his opposition to the current regime and his support for regime change. Most contacts are much more nervous about sending any kind of political statements via the Internet, out of fear of government scrutiny, which raises some questions about his credibility.

7.(SBU) Whether these allegations are true or not, such rumors may add to fear in Iranian society of future sanctions. A recent visa applicant told Conoff that there has been a recent surge in prices on consumer goods, which he claimed was caused by people hoarding goods in preparation for sanctions they believe will come.

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